

Study Assumptions were listed in the Asset Allocation Analysis document (page 2),

Based on their analysis, Marquette Associates recommends:

- Adding Core Infrastructure from 0.0% to 7.0%.
- Adding Emerging Markets from 0.0% to 3.0%.
- Adding HFR Hedged Equity FOF from 0.0% to 10.0%.
- Eliminating High Yield from 7.0% to 0.0%.
- Eliminating Large Cap Growth from 5.0% to 0.0%
- Eliminating Mid Cap Value from 3.0% to 0.0%
- Eliminating Mid Cap Core from 1.5% to 0.0%
- Eliminating Small Cap Growth from 2.5% to 0.0%
- Increasing Small Cap Value from 2.5% to 5.0%
- Increasing Mid Cap Growth from 3.0% to 5.0%
- Increasing Real Estate from 3.0% to 7.0% and from REIT's to Core Private Real Estate
- Reducing Large Cap Core from 7.0% to 6.0%
- Reducing Large Cap Value from 8.0% to 7.0%
- Reducing International Large Cap from 16.0% to 12.0%
- Reducing International Small Cap from 4.0% to 3.0%
- Reducing Core Fixed Income from 35.0% to 32.0%

These recommendations are based on maximizing the return performance of the portfolio as well as eliminating overlap in assets to avoid taking on unnecessary risk or management fees. The updated timeline showed the need for quick action in May, and a completion date targeted for October. Marquette Associates did instruct the committee to think through the recommendations and try to become comfortable with our choices.

2. Topic: RFP Transition Manager & Search for Managers

The RFP for Transition Management was forwarded to the committee members and copies were distributed at the meeting. Members approved the document. The RFP will be distributed by Marquette to potential proposers and an ad will be placed in a local newspaper.

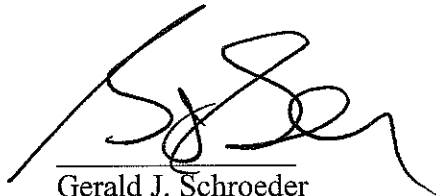
Marquette Associates recommended that the Investment Committee take two items to the Board for approval. As part of the eventual asset allocation changes, a second Small Cap manager and an Emerging Markets manager will be needed. Although the Committee is not yet prepared to adopt a full asset allocation change, the Committee would like to keep the process moving forward and is comfortable with starting searches for these managers. The searches have no cost and do not bind the Committee or Board. Therefore, the Committee recommends to the full Board that

searches be started for a second Small Cap manager and an Emerging Market manager.

3. Topic: Committee Meeting Schedule – Labor Day (9-7-09)

Due to the 9-7-09 holiday and members not being available to attend the scheduled meeting, the September Investment Committee meeting was changed to Tuesday (9-8-09).

4. Adjournment: The Investment Committee adjourned at 4:30 pm.



Gerald J. Schroeder
ERS Manager